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**THEODOR BRINKMANN'S
ECONOMICS OF THE FARM BUSINESS**

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ECONOMICS OF THE
FARM BUSINESS



ENGLISH EDITION

WITH INTRODUCTION AND NOTES BY

ELIZABETH TUCKER BENEDICT

HEINRICH HERMANN STIPPLER

AND MURRAY REED BENEDICT

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PREFACE

THE WRITINGS OF TWO MEN, Friedrich Aereboe and Theodor Brinkmann, have been especially representative of the best modern German thinking concerning the problems of agricultural economics, especially the problems of farm management. They represent an approach and point of view with which American students have not been widely familiar. Aereboe's treatment of this subject is best set forth in his *Allgemeine landwirtschaftliche Betriebslehre*. A briefer treatment covering much of the same ground is presented by Theodor Brinkmann in *Grundriss der Sozialökonomik*, VII Abteilung, under the title "Die Oekonomik des landwirtschaftlichen Betriebes." As yet conditions and sale possibilities have not seemed to warrant publishing a translation of so extensive a work as Aereboe's *Betriebslehre*. As a means of bringing the German point of view more generally to the attention of American students of farm economics, a translation of the briefer treatment by Brinkmann has, however, seemed a more practical undertaking.

Through the interest and encouragement given by a former student of Professor Brinkmann's, Dr. Kurt Schneider, Mrs. Benedict in 1929 undertook this translation chiefly as a pastime. Its completion was prevented by her death early in 1930. Even before that time it had become evident that accurate handling of parts of the subject-matter would necessitate consultation with someone intimately acquainted with German agricultural practices and sufficiently familiar with German scientific literature to deal with some of the unusual terms and expressions used in the original. Moreover, it appeared that this very difficulty of making a clear and accurate translation would enhance its usefulness. It was also felt that, inasmuch as the majority of American students of farm management have not been very familiar with German writings on the subject, the bringing of the German point of view more definitely to their attention might stimulate a more effective exchange of ideas between students in the two countries.

Director H. R. Tolley, of the Giannini Foundation of Agricultural Economics, became interested in the project and made arrangements whereby Mr. Heinrich Stippler, formerly a student

under Friedrich Aereboe, could assist in completing the translation. Mr. Stippler's intimate knowledge of German conditions and of the language has made possible the clarification of many passages which would otherwise have been obscure or inaccurate.

In offering this edition to English-speaking students of farm management, the translators are acutely aware of the inability of any translation to convey all the shades of meaning which the original possesses. It is our hope, however, that the meaning as worked out after careful discussion and numerous revisions will be clearer than the original would be to persons who do not read German very freely.

The aim has been to keep as close to the text of the original as could be done practically, but in many passages entirely literal translations would distort the meaning. Careful students of the subject will no doubt wish to turn to the original, particularly in connection with such phases as the treatment of the Law of the Minimum and the Law of Diminishing Increments.

Special acknowledgement is due for the encouragement and assistance given by Director Tolley. Besides making the necessary arrangements for Mr. Stippler's services, he has assisted in a careful final reading and revision of the copy, contributing many helpful suggestions for better wording and clearer statement.

Professor J. D. Black, as chairman of the Social Science Research Council's Advisory Committee on Social and Economic Research in Agriculture, has aided greatly in making the arrangements with Professor Brinkmann and his publishers for the authorization to print the English edition. The Social Science Research Council's subcommittee on translations has also been helpful. This committee consists of Dr. L. C. Gray, Dr. C. J. Galpin, and Miss Mary G. Lacy. We wish also to acknowledge the generous service performed by Professor Joseph Schumpeter in facilitating the arrangements with Professor Brinkmann and his publishers. Also, we wish to commend the spirit of coöperation shown by Professor Brinkmann and by his publisher, J. C. B. Mohr, in authorizing a limited edition of this translation without royalty. Without the ready coöperation of these various people, it would not have been possible to bring out this edition.

M. R. B.

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EDITOR'S INTRODUCTION

SIGMUND VON FRAUENDORFER in 1928 presented to agricultural economists an able and understanding discussion of the "Development, Methods, and Results of Agricultural Economics Research in the United States."¹ This treatment, which on the whole is a very accurate one, indicates the very limited extent to which American students of farm management have drawn from either the general field of economic theory or foreign works on farm management. In fact, the influence of the German discussions of this subject, which have been the most extensive of any outside the United States, is practically nil. On the other hand, a study of the writings by German students of farm management, up to very recent years, will indicate a similar lack of contact with the procedures which were being developed in the United States. The strikingly different approaches to very similar problems suggest that considerable advantage may come from a freer interchange of views between the two countries.

The following comments by Frauendorfer point to interesting differences in point of view:

A characteristic of American research activity is respect for the accomplished fact and a predilection for its expression by means of figures. The American cannot easily be surpassed in untiring accumulation of data and in their skillful, clear presentation. That is shown particularly in the surveys and cost of production studies of the earlier days, which often carried too far the zeal for descriptive statistical material, and neglected the solution of the question of causes. . . .

The American, on the other hand, does little deductive work. There is not one of the agricultural economic works that can be compared in any way with Aereboe's *Betriebslehre*. That is no depreciation of analogous American works. It only directs attention to the difference in the intellectual attitude; on the German side an intuitive grasp of truth and never-failing sense for systematic arrangement; on the American side a collection of constructive details, all keenly observed and well described, which, nevertheless, does not present a very convincing picture. The German observer of American work is, therefore, more impressed by the detailed studies of an analytical nature than by handbooks and textbooks, of which there are many. The latter have a too pronounced

¹ Written for and published in *Berichte über Landwirtschaft* (Berlin, 1928), vol. 7. (Also published in English in the *Journal of Farm Economics*, July, 1928.)

didactic character—at least to the German taste—and that may bias judgment, perhaps unjustly, against American works.²

The method of approach followed by both Aereboe and Brinkmann, like that of Alfred Weber, is a development and refinement in the use of those analytical tools which are most generally associated with the name of Thünen.³

These methods represent a refinement of Thünen similar to that which Marshall made of Mill and Ricardo, or the more detailed analysis of monetary and credit theory which R. G. Hawtrey built on Marshall's treatment of the same subject. In no textbook in the English language do we find as careful separation and identification of the elements that affect the combination of enterprises and the levels of farming intensity as are to be found in some of the German writings on the subject. The nearest approaches to this in the English language are J. D. Black's *Introduction to Production Economics* and C. L. Holmes's *Economics of Farm Organization and Management*.

The deficiencies of such theories as Justus von Liebig's "Law of the Minimum," for example, have been recognized by many American economists but have seldom been discussed in print. Brinkmann deals with this in a vigorous and understanding way, bringing out its limitations in the light of the relationships expressed in the "Law of Diminishing Increments." In nearly all the American writing on the subject, intensity of farming has been considered in an extremely abstract form.⁴ Brinkmann's treatment still is in

² A. M. Hanney's translation of Sigmund von Frauendorfer, "Development, Methods, and Results of Agricultural Economic Research in the United States," *Journal of Farm Economics*, July, 1928, pp. 308-309.

³ Some aspects of Aereboe's point of view and approach to farm management problems are well discussed in the article by Heinrich Stippler, "Philosophy of Aereboe as Related to Scope and Method of Research in Farm Management," *Journal of Farm Economics*, October, 1931, pp. 597-604. See also G. P. Minnemann's translation appearing under the title, "Graphic Presentation of Thünen's Theory of Intensity," of an article by Richard Krzymowski, *ibid.*, October, 1928, pp. 461-482; "German Approach to Farm Economic Investigations," by Immanuel Fauser, *ibid.*, July, 1926, pp. 289-297; "Farm Budgeting in Germany," by Walter J. Roth, *ibid.*, October, 1929, pp. 623-632.

⁴ See, for example, T. N. Carver, *The Distribution of Wealth* (New York, Macmillan, 1926), Chap. II; J. D. Black, *Introduction to Production Economics* (New York, Henry Holt & Co., 1926), Chaps. XI and XII; and H. C. Taylor, *Agricultural Economics* (New York, Macmillan, 1919), Chap. XIII.

abstract form but it brings the discussion much closer to reality than do most of the American writings. One of the most interesting phases of Brinkmann's analysis is his treatment of the nature of the competitive relationships among farm enterprises. In few writings has this had the careful and almost quantitative treatment which he gives to it. He has dealt with the elusive problem of opportunities sacrificed in a way that should meet with little criticism and which is at the same time lucid and stimulating. Not⁵ only the principles of opportunity cost but those of comparative advantage are used without the wearying process of attempts at abstract definition, and, further, without resort either to Davenport's way of presenting them or to Marshall's use of the substitution method.

Type-of-farming studies have made some little progress in the United States, but as yet are almost wholly in the descriptive stage. Brinkmann's treatment of this phase of farm management is suggestive and stimulating, and points the way to a possible inductive development of the dynamics of comparative advantage. Such studies thus far have shown relatively little attempt to explain either the reasons for the existing farm types or to indicate the probable direction of future change. An explanation cannot, of course, be worked out on the relatively simple bases indicated in Brinkmann's analysis, at least not through the use of actual mileages in considering the effects of location. It is possible, however, that fuller treatment of these relationships may be possible through the use of transportation costs rather than of distances and through more careful analysis of the physical similarities and differences of competing areas.

Serious attempts to apply the methods of analyzing farm types outlined by Brinkmann will inevitably raise some very interesting points in respect to policies affecting agricultural production. These methods seem to imply, however, the possibility of a scientific basis for study of certain phases of agricultural policy—a basis which has been much lacking in that new and rapidly developing

⁵ A different approach to these problems and one which may be of interest for comparison is to be found in the two articles by M. E. Benedict, "The Opportunity Cost Basis of the Substitution Method in Farm Management," *Journal of Farm Economics*, July and October, 1932.

field of agricultural economics. The principles discussed in this brief theoretical treatment must, of course, be carried considerably farther if they are to provide the working tools for analysis of the complex relationships encountered in agricultural production. Nevertheless, such a background of theory is a much needed foundation for a well balanced use of the various specific research procedures which have been developed.

Like the methods of analysis which Alfred Weber has developed in his *Theory of the Location of Industries*,⁶ this will not be found an easy approach to apply to the locational relationships of agricultural production in the United States where other factors than economic distances play so large a rôle; where racial differences, climatic variations, soil conditions, and sizes of the business unit, are such significant elements in the problem, and where freight-rate structures have developed along lines very different from those which have been characteristic of Germany as well as of many other European countries.

One of the surprising features of Aereboe's and Brinkmann's treatment of these problems, as compared with the writings of many other German students, is the relatively small recognition of the effects of historical development on existing types of agriculture. This is, to be sure, recognized in the latter part of Brinkmann's treatment where he deals with dynamic aspects of the problem, but even there it is not fully developed. How much of the present form of agricultural production and of the present type of business unit are the result of the particular way in which the land of the United States was taken up or to the peculiar racial relationships which grew out of the era of slavery is an interesting phase of the background of farming types, and has so far had relatively little careful analysis. In Brinkmann's analysis, as in most American writings, this is not much considered. A higher degree of mobility and flexibility in agricultural relationships than actually exists is assumed. In this respect the treatment suggests much more the assumed mobility and atomic nature of economics, which are characteristic of the English classical and neo-classical writers,

⁶ English edition, with Introduction and Notes, by Carl J. Friedrich (University of Chicago Press, 1929).

than the American ways of dealing with these problems where, except in the strictly abstract discussions, the possibility of systematizing existing conditions along rather rigid lines is probably given too much weight. That the German writers have a contribution to make to American thinking in these respects seems evident.

Professor Brinkmann's treatise is not a new work, nor does it now accord wholly with his present views. It is some twenty years old. (The manuscript was delivered in 1912 to Professor Max Weber of Heidelberg, and was published in 1914 as a special publication. Not until 1922 did it appear in *Grundriss der Sozialökonomik*.) The author states that, although his desire to help in bringing together American and German agricultural knowledge overcame any prejudice he might have had against a translation, he nevertheless regards the treatment as a "beginner's work," of which no one is a sterner critic than himself. American readers will be interested to know, however, that the *Oekonomik* has appeared also in the Russian and Japanese languages.

Professor Brinkmann makes the following comment: "No one can be more firmly convinced than I that a synthesis of American and German thought is very well suited to promote knowledge of the nature of agriculture." If the present small venture in making more available to American readers this source of ideas and methodology serves to stimulate them to further study of the German writers, its purpose will have been served.

MURRAY E. BENEDICT

LITERATURE

THE VERY EXTENSIVE LITERATURE dealing with farm management consists mainly of presentations which not only are largely descriptive but often are obsolete as well (descriptions of farming systems, etc.). Little attention has been given to theoretical analysis and explanation of cause and effect relationships. The *Isolierter Staat*, by Joh. H. von Thünen (III edition, 1875), is basic from the standpoint of theory. In addition to this, so far as older scientists are concerned, the works of Ad. Krämer are of great value, especially the "Grundlagen und die Einrichtung des landwirtschaftlichen Betriebes," published in Goltz's *Handbuch der gesamten Landwirtschaft* (Tübingen, 1890). Fr. Aereboe has recently furthered the theoretical knowledge of the subject in a pioneering way. Especially worth mentioning among his books are: *Beiträge zur Wirtschaftslehre des Landbaues* (Berlin, 1905); an article in Volume I of the *Thünen—Archives* on "Ursachen und Formen Wechselnder Betriebsintensität in der Landwirtschaft;" and *Die Taxation von Landgütern und Grundstücken* (Berlin, 1912). Fr. Waterstradt and G. Laur have also tried to do justice to the theory of the subject, the former in his *Wirtschaftslehre des Landbaues* (Stuttgart, 1912), the latter in a very extensive work, *Grundlagen und Methoden der Bewertung, Buchhaltung, und Kalkulation in der Landwirtschaft* (Berlin, 1911). The discussion in the following pages draws upon Thünen and Aereboe. The author has also acquired valuable ideas from the work of Alfred Weber, *Über den Standort der Industrien* (Tübingen, 1909).

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